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ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

SEMI-ANNUAL REPORT

June 21, 1967.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at May 31, 1967, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

As at May 31, 1967 the indicated net asset value of each of the Company's Class C shares and common shares was \$16.21 per share, compared with \$19.65 per share as at May 31, 1966.

Income from investments during the period amounted to \$4,124,874 compared to \$4,012,932 in the corresponding period last year. Expenses (including interest of \$303,891) were \$395,272 compared to \$383,205 (including interest of \$289,942) for the same period in the previous year. Net income amounted to \$3,729,602 which compared with \$3,629,727 for the six months ended May 31, 1966. In addition to the regular dividends on the Company's Class A and Class B Preference Shares, quarterly dividends of 14¢ per share on the Class C and the common shares were declared during the period. Earned surplus increased by \$531,279 during the six months covered by the report and amounted to \$15,090,851 at May 31, 1967.

During the period your Company increased its holding of British Columbia Forest Products Limited common shares by 62,500 shares to 462,500 shares. This resulted from acceptance of an offer received from British Columbia Forest Products Limited to exchange its common shares for those of Alexandra Forest Holdings Limited on a 1 for 4 basis.

Since November 30, 1966, 1,895 Class A Preference Shares \$2.50 Series and 1,835 Class A Preference Shares \$2.60 Series were purchased and cancelled.

A recent declaration increased the annual dividend rate on the common shares of Standard Radio Limited from 36¢ to 40¢ per share.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDOUGALD,
Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

BALANCE SHEET—MAY 31, 1967

(with comparative figures at May 31, 1966)

ASSETS	1967	1966
INVESTMENTS IN COMMON SHARES:		
Securities having a quoted market value, at cost.....	\$85,089,560	\$84,148,525
(value based on market quotations as at—		
May 31, 1967—\$180,027,338		
May 31, 1966—\$209,873,646)		
Securities not having a quoted market value, at cost.....	—	250,000
	85,089,560	84,398,525
CASH IN BANKS.....	65,589	66,714
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES.....	384,300	372,200
HEAD OFFICE PREMISES—Land, building and furnishings, at nominal value.....	1	1
	<u>\$85,539,450</u>	<u>\$84,837,440</u>

LIABILITIES

BANK LOANS (secured).....	\$ 570,000	\$ 1,425,000
DIVIDENDS PAYABLE.....	1,184,891	1,015,620
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	56,374	59,700
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000

CAPITAL AND SURPLUS:

Capital stock (see Notes 1 and 2)

Number of shares				
Authorized	Issued			
329,670		Class A Preference—		
	133,165	\$2.50 Series.....	6,658,250	6,792,000
	196,505	\$2.60 Series.....	9,825,250	9,962,500
1,000,000		Class B Preference—		
	300,000	Cumulative, 1962 Series (\$2.70 Dividend).....	15,000,000	15,000,000
6,770,944	6,770,944	Class C Participating Non-voting Preference.....	21,644,825	21,644,825
10,000,000	1,692,736	Common.....	5,411,206	5,411,206
			58,539,531	58,810,531
		Contributed surplus, realized on purchase for cancellation of Preference Shares		
		(including \$19,039 arising during the six months ended May 31, 1967).....	97,803	72,327
		Earned surplus.....	15,090,851	13,454,262
			73,728,185	72,337,120
			<u>\$85,539,450</u>	<u>\$84,837,440</u>

NOTES:

- (1) The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.
The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.
The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.
- (2) During the six months ended May 31, 1967, 1,895 Class A Preference Shares \$2.50 Series and 1,835 Class A Preference Shares \$2.60 Series were purchased and cancelled.

APPROVED ON BEHALF OF THE BOARD:

E. P. TAYLOR, Director

JOHN A. McDOUGALD, Director

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1967 *(with comparative figures for the six months ended May 31, 1966)*

	1967	1966
Balance at beginning of period.....	\$14,559,572	\$12,377,064
Net income for the period.....	3,729,602	3,629,727
Profit on securities sold.....	—	314,265
	<u>18,289,174</u>	<u>16,321,056</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	167,226	170,631
Class A Preference Shares \$2.60 Series.....	256,311	259,919
Class B Preference Shares 1962 Series.....	405,005	405,005
Class C Participating Preference Shares.....	1,895,825	1,624,991
Common Shares.....	473,956	406,248
	<u>3,198,323</u>	<u>2,866,794</u>
Balance at end of period.....	<u>\$15,090,851</u>	<u>\$13,454,262</u>

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1967 *(with comparative figures for the six months ended May 31, 1966)*

	1967	1966
Income:		
Dividends received.....	\$4,124,874	\$3,903,312
Interest earned.....	—	109,620
	<u>4,124,874</u>	<u>4,012,932</u>
Expenses:		
Salaries of officers and employees.....	29,769	28,215
Directors' fees.....	5,000	4,250
Transfer agents' and registrars' fees and expenses.....	23,883	28,916
General office and administrative expenses.....	32,729	31,882
Interest on Secured Notes.....	275,000	275,000
Bank interest.....	28,891	14,942
	<u>395,272</u>	<u>383,205</u>
Net income for the period.....	<u>\$3,729,602</u>	<u>\$3,629,727</u>

AUDITORS' REPORT

To the Directors of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at May 31, 1967 and the statements of earned surplus, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at May 31, 1967 and the income and expenses and the source and application of funds for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, June 14, 1967.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1967

(with comparative figures for the six months ended May 31, 1966)

	1967	1966
Cash in banks and short-term securities at beginning of period.....	\$ 60,214	\$ 6,418,992
Source of funds:		
Net income.....	3,729,602	3,629,727
Sale of investments.....	—	757,171
Bank loans.....	—	1,425,000
	<u>\$3,789,816</u>	<u>\$12,230,890</u>
Application of funds:		
Dividends paid.....	\$3,198,323	\$ 2,739,848
Purchase of investments.....	—	9,348,578
Purchase for cancellation of Class A preference shares.....	167,461	68,209
Bank loans reduced.....	335,000	—
Other.....	23,443	7,541
	<u>3,724,227</u>	<u>12,164,176</u>
Cash in banks at end of period.....	<u>\$65,589</u>	<u>\$66,714</u>
	<u>\$3,789,816</u>	<u>\$12,230,890</u>

SCHEDULE OF SECURITIES AS AT MAY 31, 1967

(with comparative figures at May 31, 1966)

Company	Class of shares	1967			1966	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited.....	Common	462,500	12.5%	\$ 9,134,375	400,000	\$ 7,450,000
Canadian Breweries Limited..	Common	2,400,000	11.0%	18,000,000	2,400,000	16,500,000
Dominion Stores Limited ...	Common	1,900,000	23.5%	33,250,000	1,900,000	41,325,000
Domtar Limited	Common	2,475,000	16.8%	38,671,875	2,475,000	43,621,875
Hollinger Consolidated Gold Mines, Limited.....	Common	800,000	16.3%	19,200,000	730,000	16,607,500
Massey-Ferguson Limited....	Common	1,980,000	10.9%	44,302,500	1,980,000	71,527,500
Standard Radio Limited.....	Common	537,495	48.8%	17,468,588	537,495	11,153,021
Other securities having a quoted market value.....				—		1,688,750
				<u>\$180,027,338</u>		<u>\$209,873,646</u>
Securities not having a quoted market value.....				<u>\$ —</u>		<u>\$ 250,000</u>

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO 1, CANADA

ANNUAL REPORT

December 15, 1967.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at November 30, 1967, the statement of income and expenses and the statement of source and application of funds for the year ended on that date. Also shown are comparative figures for the previous year.

As at November 30, 1967 the indicated net asset value of each of the Company's Class C shares and common shares was \$13.62 per share, compared with \$14.82 per share as at November 30, 1966.

Income from investments during the period amounted to \$8,295,123 compared to \$8,094,181 in the previous year. Expenses (including interest of \$595,095) were \$778,845 compared to \$787,038 (including interest of \$605,087) for the previous year. Net income amounted to \$7,516,278 which compared with \$7,307,143 for the year ended November 30, 1966. Earnings on the Class C and common shares amounted to 69.3¢ per share, compared to 66.6¢ per share in the previous year. Dividends of 56¢ per share (14¢ per quarter) were paid on the Class C and the common shares during the period. Earned surplus increased by \$1,123,560 during the year and amounted to \$15,683,132 at November 30, 1967.

Purchased and cancelled during the year were 4,120 Class A Preference Shares \$2.50 Series and 3,025 Class A Preference Shares \$2.60 Series.

During the period Hollinger Consolidated Gold Mines, Limited increased the quarterly dividend rate on its shares from 25¢ to 30¢ per share, and Domtar Limited recently decreased the quarterly dividend rate on its common shares from 25¢ to 15¢ per share.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDUGALD,
Vice-President.

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	*A. BRUCE MATTHEWS	Toronto
*T. N. BEAUPRÉ	Montreal	THOMAS G. MCCORMACK	Toronto
*GEORGE M. BLACK, JR.	Toronto	*JOHN A. MCDUGALD	Toronto
J. G. CAMPBELL	Toronto	D. A. MCINTOSH, Q.C.	Toronto
H. J. CARMICHAEL	Toronto	ALLEN A. McMARTIN	Bermuda
W. C. THORNTON CRAN	Toronto	*MAXWELL C. G. MEIGHEN	Toronto
*A. L. FAIRLEY, JR.	Montreal	*E. P. TAYLOR	Bahama Islands
P. M. FOX	Montreal	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>President</i>	E. P. TAYLOR
<i>Vice-President and Chairman of the Executive Committee</i>	JOHN A. MCDUGALD
<i>Vice-President</i>	A. BRUCE MATTHEWS
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

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Purchased and cancelled during the year were 4,120 Class A Preference Shares \$2.50 Series and 3,025 Class A Preference Shares \$2.60 Series.

During the period Hollinger Consolidated Gold Mines, Limited increased the quarterly dividend rate on its shares from 25¢ to 30¢ per share, and Domtar Limited recently decreased the quarterly dividend rate on its common shares from 25¢ to 15¢ per share.

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Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDOUGALD,
Vice-President.

NOTES:

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	*A. BRUCE MATTHEWS	Toronto
*T. N. BEAUPRÉ	Montreal	THOMAS G. MCCORMACK	Toronto
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P. M. FOX	Montreal	ALBERT A. THORNBROUGH	Toronto

*Members of the Executive Committee

OFFICERS

<i>President</i>	E. P. TAYLOR
<i>Vice-President and Chairman of the Executive Committee</i>	JOHN A. MCDUGALD
<i>Vice-President</i>	A. BRUCE MATTHEWS
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1967 *(with comparative figures for the year ended November 30, 1966)*

	1967	1966
Balance at beginning of year.....	\$14,559,572	\$12,377,064
Net income for the year.....	7,516,278	7,307,143
Profit on securities sold.....	—	945,020
	<u>22,075,850</u>	<u>20,629,227</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	332,213	340,016
Class A Preference Shares \$2.60 Series.....	510,932	518,609
Class B Preference Shares 1962 Series.....	810,010	810,010
Class C Participating Preference Shares.....	3,791,650	3,520,816
Common Shares.....	<u>947,913</u>	<u>880,204</u>
	6,392,718	6,069,655
Balance at end of year.....	<u>\$15,683,132</u>	<u>\$14,559,572</u>

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED NOVEMBER 30, 1967 *(with comparative figures for the year ended November 30, 1966)*

	1967	1966
Income:		
Dividends received.....	\$8,295,123	\$7,984,561
Interest earned.....	—	109,620
	<u>8,295,123</u>	<u>8,094,181</u>
Expenses:		
Salaries of officers and employees.....	62,609	58,753
Directors' fees.....	10,750	8,500
Transfer agents' and registrar's fees and expenses.....	48,017	50,774
General office and administrative expenses.....	62,374	63,924
Interest on Secured Notes.....	550,000	550,000
Bank and other interest.....	<u>45,095</u>	<u>55,087</u>
	778,845	787,038
Net income for the year.....	<u>\$7,516,278</u>	<u>\$7,307,143</u>

AUDITORS' REPORT

To the Shareholders of
ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at November 30, 1967 and the statements of earned surplus, income and expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at November 30, 1967 and the income and expenses and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, December 7, 1967.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED NOVEMBER 30, 1967 *(with comparative figures for the year ended November 30, 1966)*

	1967	1966
Cash in banks and short-term securities at beginning of year	\$ 60,214	\$ 6,418,992
Source of funds:		
Net income	7,516,278	7,307,143
Sale of investments	—	2,421,371
Bank loans	—	905,000
Other	—	9,776
	<u>\$7,576,492</u>	<u>\$17,062,282</u>
Application of funds:		
Dividends paid	\$6,392,718	\$ 5,773,438
Purchase of investments	—	11,073,058
Purchase for cancellation of Class A preference shares	318,610	146,272
Bank loans reduced	785,000	—
Other	17,979	9,300
	<u>7,514,307</u>	<u>17,002,068</u>
Cash in banks at end of year	<u>\$7,576,492</u>	<u>\$17,062,282</u>

SCHEDULE OF SECURITIES AS AT NOVEMBER 30, 1967 *(with comparative figures as at November 30, 1966)*

Company	Class of shares	1967			1966	
		Number of shares	Percentage of outstanding shares	Indicated market value	Number of shares	Indicated market value
British Columbia Forest Products Limited	Common	462,500	12.5%	\$ 7,978,125	400,000	\$ 7,700,000
Canadian Breweries Limited	Common	2,400,000	11.0%	17,700,000	2,400,000	15,600,000
Dominion Stores Limited	Common	1,900,000	23.5%	30,875,000	1,900,000	33,725,000
Domtar Limited	Common	2,475,000	16.8%	25,368,750	2,475,000	41,146,875
Hollinger Consolidated Gold Mines, Limited	Common	800,000	16.3%	21,700,000	800,000	16,600,000
Massey-Ferguson Limited	Common	1,980,000	10.9%	32,670,000	1,980,000	41,332,500
Standard Radio Limited	Common	537,495	48.4%	21,231,053	537,495	12,496,759
				<u>\$157,522,928</u>		<u>\$168,601,134</u>
Securities not having a quoted market value				\$ —		\$ 250,000

NOTE:

The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.

